

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEBSITE AT WWW.USTR.GOV

2004-42

FOR IMMEDIATE RELEASE:
May 18, 2004

CONTACT: RICHARD MILLS/NEENA MOORJANI
(202) 395-3230

United States and Australia Sign Free Trade Agreement

WASHINGTON – U.S. Trade Representative Robert B. Zoellick and Australian Minister of Trade Mark Vaile signed a landmark Free Trade Agreement (FTA) today that will eliminate more than 99 percent of manufactured goods tariffs between the two countries from day one, open services and agricultural markets, and further deepen their already strong economic ties.

“There is a hard-headed economic reality that supports this free trade agreement. More than 99% of the manufactured goods traded between the United States and Australia will be duty-free on the first day this ‘Manufacturing FTA’ goes into effect,” said Zoellick. “This is the most significant immediate reduction of industrial tariffs ever achieved in a U.S. free trade agreement.

“As a result of this new freedom, trade between our nations is projected to rise by billions of dollars, creating more economic opportunity in both the United States and Australia. We are proud of this state-of-the-art agreement. In addition to freeing trade in industrial goods, the new FTA removes barriers to agricultural products, investment, government procurement, and services while increasing protection for intellectual property and freeing electronic commerce. Millions of Americans and Australians depend on vibrant and growing trade for their jobs. The U.S.-Australia FTA will only add to that number,” continued Zoellick.

“I want to thank the many members of the staffs of the various agencies in both governments, who have worked virtually around the clock to ready this agreement for signing,” said Zoellick. “I would like to particularly thank my colleague and friend, Minister Mark Vaile, whose steadfast determination and hard work helped ensure that we could reach this long-awaited day.”

Zoellick concluded by stating “Much of this long race remains to be run. In both the United States and Australia, we must now turn our attention to winning approval of the agreement from our respective legislatures. In the United States, we are here today only because Congress passed Trade Promotion Authority in 2002, and because so many members of the Senate and the House of both parties have offered us unflinching support. I am pleased that some of these key Members of Congress are here with us today, in particular Representatives Cal Dooley and Jennifer Dunn.”

Negotiations began in March 2003, and President George W. Bush and Prime Minister John Howard made it a priority for both countries to conclude the agreement. The negotiations were concluded on February 8, 2004. Since then the two sides have been working together to prepare the final text, a 1,300 page document. U.S. Secretary of Agriculture, Ann M. Veneman, was also in attendance.

On February 13, 2004, the President notified Congress of his intent to enter into the U.S.-Australia FTA. Under the Trade Act of 2002, the earliest date the agreement could be signed is Friday, May 14. The May 18 signing date between the trade ministers is the earliest possible date to move forward in consultations with the respective legislative bodies.

The U.S.-Australia FTA is the first FTA between the United States and a developed country since the U.S.-Canada Free Trade Agreement in 1988. It is a 21st century, state-of-the-art agreement that reflects the modern globalized economy, opening markets and streamlining mutual access in intellectual property, services, government procurement, e-commerce and investment.

Australia is a large and growing trade and investment partner of the United States, and in 2003 was America's 14th largest export market for goods. Two-way goods and services trade is nearly \$29 billion, a 53-percent increase since 1994. Two-way foreign direct investment is about \$61 billion. Australia purchases more goods from the United States than they do from any other country, and the United States enjoys a bilateral goods and services trade surplus of \$9 billion. Australia is a key export market for important U.S. manufacturing sectors such as aircraft, autos and auto parts, machinery, computers and electronic products, chemicals, and wood and paper products. Each of the 50 U.S. states exports to Australia, and Australia is among the top 25 export destinations for 48 of the 50 states. The leading states exporting to Australia are Washington, California, Illinois, Texas, Michigan, New York, Ohio, Pennsylvania, and Florida.

The signing, before over 500 people, took place in the Andrew W. Mellon Auditorium, a building which ranks among the finest example of classic architecture in the U.S. and is listed on the National Registry of Historic Places.

Background

The United States is working to open markets globally in the Doha World Trade Organization (WTO) negotiations; regionally through APEC and the Free Trade Area (FTAA) of the Americas negotiations; and bilaterally, with FTAs.

The U.S. has completed FTAs with eight countries - Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Australia and Morocco - over the past six months. New and pending FTA partners, taken together, would constitute America's third largest export market and the sixth largest economy in the world.

Last month the United States and Panama conducted their first round of free trade negotiations, and FTA negotiations with Colombia, Ecuador and Peru began this week. Negotiations are under way with Bahrain and with the five nations of the Southern African Customs Union (SACU), and negotiations with Thailand are expected to begin shortly.

The United States currently has FTAs with Israel, Canada and Mexico (NAFTA), Jordan, Chile and Singapore.

The full text of the FTA is available at www.ustr.gov.

###